(b) Statutory Liquidity Ratio (SLR) is not the sole factor for deciding the amount of credit provided by the banks for various activities. The production ventures are financed by the comercial banks as part of their normal banking activities after assessing the need based credit requirements and keeping in mind the guidelines issued by Reserve Bank of India from time to time. The outstanding amount of bank credit extended by all scheduled commercial banks has increased from Rs. 125592 crores as at the end of March 20, 1992 to Rs. 140658 crores as at the end of November 13, 1992.

Review of interest rate on Export Credit

2334. DR. SHRIKANT RAMCHANDRA JICHKAR : Will the Minister of FINANCE be pleased to state :

(a) whether interest rate on export credit have lately been reviewed.

(b) if so, what are the details therof; and

(c) what is its effect on the bank's supply of export credit ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI DALBIR SINGH) : (a) and (b) Following the Credit Policy announcement for the second half 1992-93 made by the Reserve Bank of India in October, 1992 interest rates on export credit have been reduced by one percentage point across the board with effect from 9th October, 1992

(c) It is too early to assess the effect of the changes in interest rate on individual bank's supply of export credit.

Credit Policy adopted by Reserve Bank of India

2335. DR. SHRIKANT RAMCHANDRA JICHKAR : Will the Minister of FINANCE be pleased to state :

(a) what are the details of the present credit policy adopted by Reserve Bank of India;

(b) what would be the overall effect of the credit policy on the production sector; and

(c) whether restrain in the expansion of money supply will still continue and if so, for how much time ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI DALBIR SINGH) : (a) The details of the credit policy measures announced by Reserve Bank of India (RBI) on October 8, 1992 are as under :—

I. Statutory Liquidity Ratio (SLR) to be maintained by scheduled commercial banks (execluding Regional Rural Banks) upto the level of outstanding net demand and time liabilities (excluding FCNR AND NRE Deposits) on April 3, 1992 were to be reduced from 38.50 per cent to 37.75 per cent in three phases of 0.25 per cent each on January 9, 1993, February 6, 1993 and March, 6, 1993.

II. One third of the additional cash balances maintained under 10.00 per cent incremental Cash Reserve Ratio (CRR) by each bank upto the level of April 17, 1992, were to be released in three equal instalments in the fortnights begining October 17, 1992, November 14, 1992 and December, 12, 1992.

III. With effect from the fortnight beginning October 17, 1992 :

(i) On the eligible cash balances based on March 23, 1990, interest will be continued to be paid at a rate of 10.5 per cent per annum.

(ii) On the increase in eligible cash balances based on net DTL maintained after March 23, 1990, under the average of 15 per cent CRR as well as eligible cash balances maintained under 10.0 per cent incremental CRR, no interest would be paid.

IV. Effective October 31, 1992 scheduled commercial banks would be provided :

(i) Export credit (rupee) refinance to the extent of 60 per cent of the increase in outstanding ex-